

Auditing Procedures Report

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name	Hart Cemetery Commission	County	OCEANA	Type	OTHER	MuniCode	64-7-506
Opinion Date-Use Calendar	Sep 2, 2008	Audit Submitted-Use Calendar	Sep 15, 2008	Fiscal Year End Month	12	Fiscal Year	2007

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> <input type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> <input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> <input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> <input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> <input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> <input type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> <input type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> <input type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> <input type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> <input type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> <input type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> <input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> <input type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/> <input type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> <input type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> <input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> <input type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> <input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$	<input type="text" value="107,200.00"/>
General Fund Expenditure:	<input type="checkbox"/> \$	<input type="text" value="98,133.00"/>
Major Fund Deficit Amount:	\$	<input type="text" value="0.00"/>

General Fund Balance:	<input type="checkbox"/> \$	<input type="text" value="48,095.00"/>
Governmental Activities Long-Term Debt (see instructions):	\$	<input type="text" value="0.00"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)	Jodi	Last Name	DeKuiiper	Ten Digit License Number	1101021180		
CPA Street Address	711 West Main Street	City	Fremont	State MI	Zip Code 49412	Telephone	+1 (231) 924-6890
CPA Firm Name	Hendon & Slate, PC	Unit's Street Address	PO Box 813	Unit's City	Hart	Unit's Zip	49420

**HART CEMETERY COMMISSION
OCEANA COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

December 31, 2007

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HART CEMETERY COMMISSION

Cemetery Board

<u>Appointed Official</u>	<u>Position</u>
Ron La Porte	Chairperson
Jay McGhan	Vice Chair
Ruth Wentzloff	Secretary/Treasurer
John Wilson	Sexton
Dennis Powers	Trustee
Karen Urick	Trustee
Robert Wilson	Trustee

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Cemetery Board
Hart Cemetery Commission
Hart, MI 49420

Independent Auditor's Report

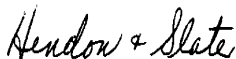
We have audited the accompanying financial statements of the governmental activities and each major fund of the Hart Cemetery Commission as of and for the year ended December 31, 2007, which collectively comprise the Commission's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Hart Cemetery Commission Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund information of the Hart Cemetery Commission as of December 31, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note A, the Commission adopted Governmental Accounting Standards Board Statement Number 34 during the current year. As a result, these financial statements present entirely new financial information. Governmental activities report information by individually significant fund, as well as in total on the full accrual basis of accounting.

The management's discussion and analysis and budgetary comparison information on pages 3 to 5 and 14, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Hendon & Slate, P.C.
Certified Public Accountants
September 2, 2008

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HART CEMETERY COMMISSION
Management's Discussion and Analysis (MD&A)
December 31, 2007

Using this Annual Report

This annual report consists of three parts- management's discussion and analysis (this Section, and the basic financial statements, and required supplementary information. The Basic Financial Statements include information that presents two different views of the Cemetery:

- D Notes A through E of the financial statements include information on the Cemetery's General Fund under the modified accrual method. These Notes focus on current financial resources and provide a more detailed view about the accountability of the Cemetery's sources and uses of funds.
- D Notes F through G of the financial statements include information required for reporting under the full-accrual method.
- D Note G of the financial statements represents adjustments necessary to convert the fund financial statements to government-wide financial statements under the full-accrual method.
- D Note G provides both long-term and short-term information about the Cemetery's overall financial status. The statement of net assets and statement of activities provide information about the activities of the Cemetery as a whole and present a longer-term view of the Cemetery's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Management's Discussion & Analysis (Continued)

Condensed Financial Information

The table below provides key financial information in a condensed format for the current year (in future years, when prior year information is available, a comparative analysis of data will be presented):

	<u>2007</u>
Current Assets	\$ 52,748
Capital Assets	<u>30,598</u>
Total Assets	83,346
Other Liabilities	<u>4,653</u>
Total Liabilities	<u>\$ 4,653</u>
Net Assets:	
Invested in Capital Assets, Net of Debt	\$ 30,598
Unrestricted	<u>48,095</u>
Total Net Assets	<u><u>\$ 78,693</u></u>
Revenue:	
Charges for Services	\$ 22,140
Property Taxes	46,793
Contributions	34,000
Other	<u>4,267</u>
Total Revenue	107,200
Expenses- Cemetery Services	<u>94,143</u>
Change in Net Assets	<u><u>\$ 13,057</u></u>

The Cemetery as a Whole

Our analysis of the Cemetery's major fund is included in Pages 6 and 7 in the first column of the respective statements. The fund column provides detailed information about the most significant fund - not the Cemetery as a whole. The Cemetery Commission has the ability to create separate funds to help manage money for specific purposes, and to maintain accountability for certain activities, such as special property tax millages. The Cemetery's major fund consists solely of the General Fund.

The fund balance of the General Fund increased during the year by \$9,067 (or 23.2%) partially due to the increase in contributions and other income and lower than budgeted repairs and maintenance and capital outlay expenditures.

Management's Discussion & Analysis (Continued)

Capital Assets and Debt Administration

At the end of the fiscal year, the Cemetery had over \$107,000 invested in land, building, improvements and equipment. The Cemetery added over \$11,000 in new equipment this year.

No debt was issued during the fiscal year.

Economic Factors and Next Year's Budgets

The Cemetery has budgeted for a decrease in 2008 with the largest decrease in revenues going to interment fees. The largest increases to expenditures are budgeted to be for professional services and payroll taxes.

HART CEMETERY COMMISSION

Governmental Funds Balance Sheet/Statement of Net Assets December 31, 2007

	General Fund	Adjustments*	Statement of Activities
Assets			
Cash	\$ 52,748	\$ -	\$ 52,748
Capital Assets, Net of Accumulated Depreciation	-	30,598	30,598
Total Assets	<u>\$ 52,748</u>	<u>30,598</u>	<u>83,346</u>
Liabilities and Fund Equity			
Liabilities			
Payroll Liabilities	\$ 1,040	\$ -	\$ 1,040
Deferred Revenue	3,613	-	3,613
Total Liabilities	<u>4,653</u>	<u>-</u>	<u>4,653</u>
Fund Balance/Net Assets			
Fund Balances			
Unreserved, Undesignated	48,095	(48,095)	-
Total Fund Balances	<u>48,095</u>	<u>(48,095)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 52,748</u>		
Net Assets:			
Invested in Capital Assets, Net of Related Debt		30,598	30,598
Unrestricted		48,095	48,095
Total Net Assets		<u>\$ 78,693</u>	<u>\$ 78,693</u>

*Notes to the Financial Statements provide the details for main components of the adjustments.

The Notes to the Financial Statements are an integral part of this statement.

HART CEMETERY COMMISSION

Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities December 31, 2007

	General Fund	Adjustments*	Statement of Activities
Revenue			
Charges for Services	\$ 22,140	\$ -	\$ 22,140
Property Taxes	46,793	-	46,793
Contributions	34,000	-	34,000
Interest	543	-	543
Dues	120	-	120
Donations	127	-	127
Other	3,477	-	3,477
Total Revenues	107,200	-	107,200
Expenditures			
Wages	57,054	-	57,054
Payroll Taxes	6,998	-	6,998
Repairs and Maintenance	5,719	-	5,719
Utilities	5,224	-	5,224
Auto Fuel	3,184	-	3,184
General Insurance	3,737	-	3,737
Workers Comp	3,070	-	3,070
Office Expenses	600	-	600
Professional Services	125	-	125
Equipment	11,602	(11,602)	-
Depreciation	-	7,612	7,612
Miscellaneous	820	-	820
Total Expenditures	98,133	(3,990)	94,143
Excess Revenue Over (Under) Expenditures	9,067	3,990	13,057
Fund Balance/Net Assets January 1	39,028	26,608	65,636
Fund Balance/Net Assets December 31	\$ 48,095	\$ 30,598	\$ 78,693

*Notes to the financial statements provide the details for main components of the adjustments.

The Notes to the Financial Statements are an integral part of this statement.

HART CEMETERY COMMISSION

Notes to the Financial Statements
December 31, 2007

NOTE A NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hart Cemetery Commission conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

In June, 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* . Certain of the significant changes in the Statement include the following:

- a. A Management's Discussion and Analysis (MD&A) section providing an analysis of Commission's overall financial position and results of operations.
- b. Financial statements prepared using full accrual accounting for all of the activities.
- c. A change in the fund financial statements to focus on the major funds.

1. REPORTING ENTITY

The Hart Cemetery Commission is governed by five member board who are appointed by City of Hart and the Township of Hart. The accompanying financial statements present all of the activities of the Commission. There are no governmental department, agencies, institutions, commissions, public authorities or organizations within the Cemetery, which its appointed officials may exercise oversight responsibility, that been excluded. Oversight responsibility is considered to be derived from the Commission's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Also using the same criteria above, the Cemetery's financial statements include the accounts for all Cemetery operations.

2. BASIS OF PRESENTATION

The Commission's basic financial statements include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major funds).

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year fore which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net assets reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Notes to the Financial Statement (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Also, there are no fiduciary funds included in the government-wide statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, if any, are recorded only when payment is due.

Property taxes and interest are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues arise when requirements are imposed by the grantor or provider.

The Commission reports on the following major governmental funds:

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from intergovernmental revenues.

3. CAPITAL ASSETS

Capital Assets are defined by the Commission as assets with an initial cost of more than \$500. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 Years
Improvements	15 Years
Equipment	7 Years

4. PROPERTY TAXES

Property taxes are levied on December 1st based on the taxable valuation of the property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year. The Township and City bill and collect the property taxes.

5. CASH AND CASH EQUIVALENTS

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments, if any, with original maturities of three months or less from date of acquisition.

6. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subject to change.

NOTE B DEPOSITS

Legal or Contractual Provisions for Deposits and Investments. The Michigan Political Subdivisions Act No. 20, Public Acts of 1943, as amended through December 31, 1997, states the District by resolution, may authorize the Treasurer to invest surplus funds in one or more of the following:

1. Bonds, securities and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2).
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments listed in subdivision (a).
5. Bankers' acceptances of United States Banks.

Notes to the Financial Statement (Continued)

6. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 81a-1 to 801-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
 - a. The purchase of securities on a when-issued or delayed delivery basis.
 - b. The ability to lend portfolio securities as long as the mutual fund receives collateral all times equal to at least 100% of the securities loaned.
 - c. The limited ability to borrow and pledge a like portion of the portfolio's or assets for temporary or emergency purposes.
8. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperations Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
9. Investment pools organized under the surplus funds Investment Pool Act, 1982 PA 367, 129.111 to 129.118.
10. The investment pools organized under the local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

The Cemetery funds are held at Fifth Third Bank and are carried at cost and consisted of the following:

General Fund	<u>Carrying Value</u>	<u>Market Value</u>
Checking-Fifth Third	\$ 42,136	\$ 42,713
CD - Fifth Third	10,544	10,884
Total Deposits	<u>\$ 52,680</u>	<u>\$ 53,597</u>
Petty Cash		
Office	\$ 20	\$ 20
Cemetery Administrator	48	48
Total Cash	<u>\$ 52,748</u>	<u>\$ 53,665</u>

All of the Cemetery's deposits are insured by Federal Deposit Insurance Corporation (FDIC).

NOTE C DUE FROM OTHER GOVERNMENTAL UNITS/DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but no yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes	<u>\$ -</u>	<u>\$ 3,613</u>

Notes to the Financial Statement (Continued)

NOTE D RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Commission carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE E STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The General Fund is under formal budgetary control. The budget shown in the financial statements for this fund was prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consists only of those amounts contained in the formal budget approved by the Board.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended December 31, 2007, the Commission did incur the following over-expenditures:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Repairs & Maintenance	\$ 3,900	\$ 5,224	\$ (1,324)
Utilities	3,000	3,184	(184)

In the body of the financial statements, the Commission's actual expenditures and budgeted expenditures for the budgetary fund has been shown on a functional basis. The approved budget for this budgetary fund was adopted at the line item level.

NOTE F CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended December 31, 2007 follows:

	<u>Balance</u> <u>1/1/2007</u>	<u>Additions</u>	<u>Retire/</u> <u>Reclass</u>	<u>Balance</u> <u>12/31/2007</u>
<u>Capital Assets</u>				
Land	\$ 1,560	\$ -	\$ -	\$ 1,560
Buildings	6,117	-	-	6,117
Improvements	7,500	-	-	7,500
Equipment	92,619	11,602	-	104,221
Totals at Historical Cost	107,796	11,602	-	119,398
<u>Less Accumulated Depreciation for:</u>				
Land	-	-	-	-
Buildings	1,325	204	-	1,529
Improvements	3,250	500	-	3,750
Equipment	76,613	6,908	-	83,521
Total Accum. Deprec.	81,188	7,612	-	88,800
Capital Assets, Net	\$ 26,608	\$ 3,990	\$ -	\$ 30,598

Depreciation expense charged to the General Fund for the year was \$7,612.

NOTE G RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-
WIDE FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Commission's governmental fund differs from net assets and statement of the governmental activities reported in the statement of net assets and statement of activities. This difference primarily results from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance- Modified Accrual Basis	\$ 48,095
Amounts reported in the statement of net assets are different because:	
Capital Assets are not financial resources, and are not reported in the funds, net of accumulated depreciation	<u>30,598</u>
Net Assets of General Fund- Full Accrual Basis	<u>\$ 78,693</u>
Net change in Fund Balances – Modified Accrual Basis	\$ 9,067
Amounts reported in the statement of activities are different because:	
Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their useful lives as depreciation:	
Capital Outlay	11,602
Depreciation	<u>(7,612)</u>
Change in Net Assets of General Fund – Full Accrual Basis	<u>\$ 13,057</u>

HART CEMETERY COMMISSION
Required Supplementary Information
Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2007

	Originally Adopted Budget	Final Amended Budget	Actual	Favorable (Unfavorable)
Revenues				
Charges for Services	\$ 26,000	\$ 26,000	\$ 22,140	\$ (3,860)
Property Taxes	48,500	48,500	47,254	(1,246)
Contributions	34,000	34,000	34,000	-
Interest	100	100	543	443
Dues	120	120	120	-
Donations	-	-	127	127
Other	-	-	3,477	3,477
Total Revenues	<u>108,720</u>	<u>108,720</u>	<u>107,661</u>	<u>(1,059)</u>
Expenditures				
Wages	58,361	58,361	57,054	1,307
Payroll Taxes	9,332	9,332	6,998	2,334
Repairs and Maintenance	11,800	11,800	5,719	6,081
Utilities	3,700	3,900	5,224	(1,324)
Auto Fuel	3,000	3,000	3,184	(184)
General Insurance	4,000	4,000	3,737	263
Workers Comp	2,250	3,070	3,070	-
Office Expenses	600	600	600	-
Professional Services	500	500	125	375
Equipment	14,000	12,980	11,602	1,378
Service Fees	25	25	-	25
Miscellaneous	1,152	1,152	820	332
Total Expenditures	<u>108,720</u>	<u>108,720</u>	<u>98,133</u>	<u>10,587</u>
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	9,528	<u>\$ 9,528</u>
Fund Balance – January 1			42,180	
Fund Balance – December 31			<u>\$ 51,708</u>	

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

September 2, 2008

Hart Cemetery Commission
Hart, MI

We have audited the financial statements of Hart Cemetery for the year ended December 31, 2007, and have issued our report thereon dated September 2, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 23, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or the board of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 4, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Hart Cemetery are described in Note A to the financial statements. Effective for the 2007 year, the Commission adopted the Government Accounting Standards Board's Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*. We noted no transactions entered into by the Entity during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial

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statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management: reverse double entry on books for Certificate of Deposit balance, record and reverse beginning deferred revenue, record ending deferred revenue, record equipment purchase and depreciation adjustment to asset accounts, adjust beginning equipment and accumulated depreciation balance, and separate payroll taxes from payroll wages.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 2, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with the board each year prior to retention as the Entities' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Budgets

Section 18 of the Uniform Budget Act states that expenditures shall not be made in excess of the amount authorized in the budget. During the year we noted only two over expenditures in the budget listed in the Notes to the Financial Statements, of which only one is material. We recommend that the board amend the budget as soon as a deviation is apparent to comply with the Uniform Budget Act.

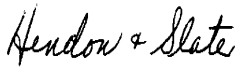
Fixed Asset Capitalization Policy

Previously we recommended the Cemetery establish a capitalization policy with respect to the acquisition of property and equipment and all expenditures for repairs and maintenance that materially prolong the useful lives of assets. This means that expenditures for property and equipment over an agreed upon amount should be capitalized and those below should be treated as an expense. We recommended this policy in the prior audit but noted no such policy in the meeting minutes. We also recommend you update your asset listing removing any assets that have been disposed of in prior years and adding any assets not on the records.

Other Reports

We also identified additional recommendations in the separate letter issued on internal controls.

This information is intended solely for the use of the members of Hart Cemetery Commission , and is not intended to be and should not be used by anyone other than these specified parties.



Hendon & Slate, P.C.

Certified Public Accountants

Fremont Office

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Board Members
Hart Cemetery Commission
Oceana County, MI

In planning and performing our audit of the financial statements of Hart Cemetery as of and for the year ended December 31, 2007 in accordance with auditing standards generally accepted in the United States of America, we considered Hart Cemetery's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cemetery's internal control. Accordingly, we do not express an opinion on the effectiveness of Hart Cemetery's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control.

Financial Statement Preparation

The Hart Cemetery currently does not have personnel available with sufficient expertise to select and apply the accounting principles necessary to prepare the financial statements and note disclosures contained in the audit report in accordance with accounting principles generally accepted in the United States of America.

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Anti-Fraud Program

The Commission has not adopted an Anti-Fraud Program as required by SAS 99.

Non-Routine and Non-Systematic Transactions

The Cemetery does not have controls in place whereby journal entries are reviewed by individuals independent of the person initiating the transactions.

Controls over Accounting Software

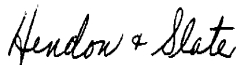
The Cemetery does not have controls in place to ensure only authorized persons are able to access the accounting software.

Segregation of Duties

Due to the size of the entity there are several conflicting duties being performed by the Secretary/Treasurer including: collection of cash/checks for deposit, deposit of funds at the financial institution, recording of all transactions into the official records of the Commission, preparation and signature on all disbursements, and reconciliation of the Commission's financial records with the bank statements (which is subsequently reviewed by the Board). We recognize that the Commission is required to consider the cost versus benefit of separating these duties, however, wherever possible these procedures should be separated.

This communication is intended solely for the information and use of the board, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Hendon & Slate, P.C.
Certified Public Accountants
Fremont Office
September 2, 2008